



Summary of Accounts 2009/2010

Introduction to our accounts

Each year Runnymede Borough Council publishes a set of accounts. The accounts are an important element in demonstrating how we manage our finances. They show the resources available to the council and how they are used in everyday services to the community.

The document that contains the full accounting information for 2009-10 is called the Statement of Accounts. This has to comply with accounting rules which dictate how the accounts should look and what information they should contain. It is subject to an independent audit by KPMG LLP. A full copy of the Statement of Accounts can be seen on the council's website at www.runnymede.gov.uk or you can request a copy from our Finance Department by e-mailing finance@runnymede.gov.uk. Copies are also available to view at your local library and at the Civic Offices in Addlestone.

The Statement of Accounts provides an overview of our spending on services, how this is paid for, the assets owned by the Council, and what money is owed to or owed by the Council. This document is a simplified summary of our Statement of Accounts.

I hope that this summary helps you to get a better understanding of our finances and accounts.

Financial Review of 2009-10 by the Director of Finance

I am pleased to introduce our summary statement of accounts for 2009-10. This starts with the Income and Expenditure Account, which shows the cost of all our services calculated using generally accepted accounting practices. The law requires us to calculate what we have to raise from council tax on a different basis. In particular, the cost of council housing is excluded. The Statement of Movement on the General Fund Balance shows these entries. These statements appear on the next page of this leaflet.

In previous financial years I have explained the background to the financial challenges facing Runnymede Borough Council. In 2005 Runnymede Borough Council was subjected to council tax capping, even though Runnymede levied one of the lowest council taxes in England. The government has subsequently reiterated that they would cap any local authority that issued "excessive council tax increases". For 2009/10, this meant any increase greater than 5%. The Runnymede element of band D local tax was the sixth lowest in England in 2009/10.

However, our council tax is too low to support the present level of spending on services. Only large withdrawals from balances allow the current spending on services to be supported, but this is not a policy that can be sustained for much longer because our reserves will run out. The Government's policy on restricting tax increases means that there is no prospect of tax revenues bridging this gap alone. In order to bring the budget into balance it will be necessary to reduce our net expenditure on services significantly.

The current economic climate has increased the financial and operational risks to which the Council is exposed. Income from property related services has fallen, as has income from investments as a result of low short-term interest rates.

There is still time to achieve planned, deliverable savings that will allow the Council to continue providing a range of quality services. Good progress on implementing a planned programme of savings has already been made, but more savings will be needed. A Service Review Programme was established in November 2009 to examine front line service provision in depth. The Programme will help identify the savings needed to achieve a balanced budget, and act as a basis for a new Corporate Plan. The six wide ranging reviews deal with leisure services, refuse and recycling, services for vulnerable people, housing services and strategy, place shaping, and workforce planning. The reviews will be completed in 2010/11.

Our General Fund Balance at 31 March 2010 stands at £4.012m. This is a substantial sum, but our budget for 2010/11 relies on the use of £2.065m of reserves alone. Our financial plans will continue to be updated and revised to take account of the more difficult circumstances that we now face. In particular, it is very important that sufficient savings are achieved before reserves become exhausted.

The Council has a good record of maintaining strict financial control whilst developing and improving services. Runnymede Borough Council remains committed to use all its resources - financial, human and material, for the maximum benefit of its residents. I am confident that the Council will meet the financial challenges in a positive and robust manner.

S R Cawthorne, BA, CPFA
Director of Finance, Runnymede Borough Council

Income and Expenditure Account for 2009/10

The Income and Expenditure Account is a summary of the resources generated and spent by the Council in the financial year (April 2009 to March 2010). It reports the net cost of all the functions for which Runnymede Borough Council is responsible, and demonstrates how the cost has been financed from general government grant and income from local taxpayers.

Service	Expenditure	Income	Net
	£'000	£'000	£'000
Council housing	(12,775)	(14,259)	(27,034)
Environmental services	5,845	(2,006)	3,839
Cultural services	5,311	(2,142)	3,169
Services for the elderly	2,425	(817)	1,608
Other housing services	20,989	(19,794)	1,195
Planning services	6,606	(2,132)	4,474
Central services to the public	7,602	(4,878)	2,724
Highways, roads and transport services	1,439	(1,247)	192
Net cost of services	37,442	(47,275)	(9,833)
Net interest and investment income			(691)
Other accounting items			3,345
Amount to be met from government grants and local taxpayers			(7,179)
Financed by			
Council tax			(4,418)
National taxes - general government grant			(1,455)
Business rates - amount paid by the government to Runnymede			(4,454)
Surplus for the year			(17,506)

Our expenditure figures include certain changes arising from the revaluation of our assets. Accounting rules for valuing assets meant that £27.5million of the increase in value of our council housing was credited to this account in 2009/10. This partly reverses the valuation loss that was charged to this account in 2008/09. These are not cash items, and the sums involved are reversed out in the Statement of Movement on the General Fund Balance shown below. Therefore the Council Tax is not affected by changes in the valuation of our assets.

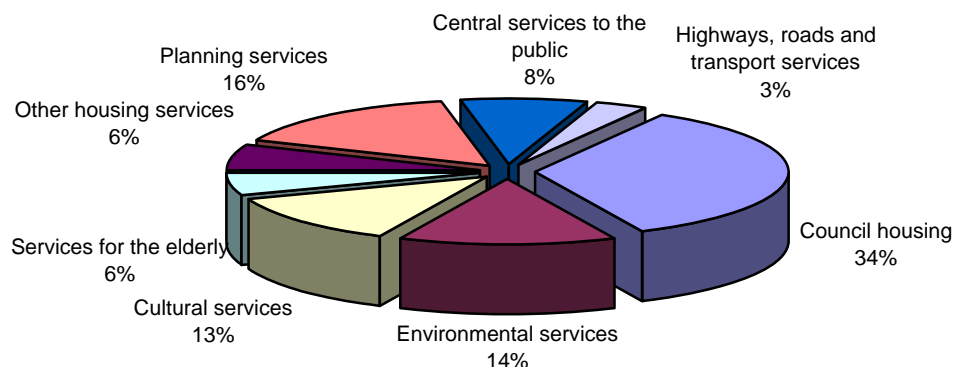
Statement of Movement on the General Fund Balance

This statement reconciles the movement on the Income and Expenditure Account with the statutory accounting entries that local authorities need to take into account when setting local taxes. These entries total £19.834m. The Statement also includes transfers we have made to and from other reserves. At the end of the financial year, our General Fund reserves stood at £4.012m.

General Fund Balance at the start of the year	£'000
Surplus on Income and Expenditure Account for the year	(6,045)
Accounting entries required by statute	(17,506)
Transfers to and from other reserves	19,834
General Fund Balance at the end of the year	(295)
	(4,012)

Where we spent the money....

Excluding valuation profits on council housing and awards of housing benefit, the Council spent £42.483 million on services in 2009-10.



Council housing: The rent paid by tenants meets the full cost of managing and maintaining our housing stock. The accounts for our housing stock are summarised on page 8. None of the cost of providing council housing is paid from council tax.

Environmental services include refuse collection, recycling, and environmental health functions such as food safety inspectors.

Cultural services include parks, sports centres, our museum, play schemes, and allotments.

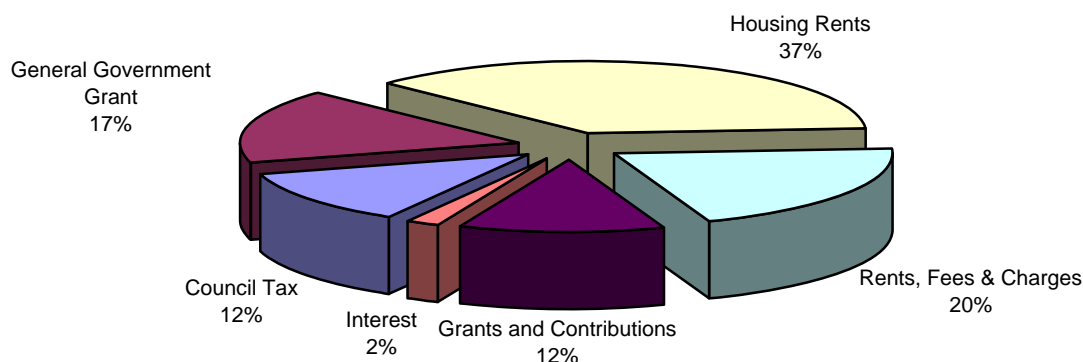
Services for the elderly include day centres, meals-on-wheels, and transport for elderly and disabled residents.

Other housing services include our housing strategy, housing advice, housing advances, homelessness, private sector renewal assistance and housing benefit administration. In 2009/10 we awarded £22.5 million in housing benefits, and this was paid for by government subsidy. The costs of the housing benefits has been excluded from the above chart to avoid distortion.

Central services to the public include the costs of local tax collection, elections, emergency planning, local land charges and general grants made to local voluntary groups. It also includes the costs of councillor activities, those activities that provide the infrastructure that allows both council services to be provided, and the information that is required for public accountability.

....and how this is financed

This is where the income came from:



Balance Sheet as at 31 March 2010

The Balance Sheet shows the financial position of the whole council at 31 March 2010. It discloses the valuations of our assets, how much money the council has in the bank, how much money is owed to us, and how much we owe other parties.

	£'000
Assets:	
Buildings and land owned by the council	321,894
Stocks	84
Investments	13,612
Cash in hand	222
Other money owed to the council	7,711
Liabilities:	
Pension Fund deficit	(36,227)
Other money owed by the council	(8,246)
Total assets less liabilities at 31 March 2010	<u><u>299,050</u></u>

This is the net worth of Runnymede Borough Council. Part of our net worth is represented by distributable reserves of £14 million that are available to pay for new capital projects and balances on our revenue accounts.

Capital expenditure - investing in our services in 2009/10

We also spend money on buying and improving our land, property and other assets so that we can provide services to the community over the longer term. Capital expenditure incurred in 2009-10 was £4.368 million, and was spent as follows:

	£'000
Council housing - improvements and major repairs and replacements	2,935
Capital grants and advances for private sector housing	496
Investment in new technology	199
Leisure and recreational services	128
Improvements and repairs to public buildings and estates	315
Other items	295
Capital expenditure in 2009-10	<u><u>4,368</u></u>
This expenditure was paid for from the following sources of income:	
Capital receipts from the sale of assets and investments	766
Revenue and revenue reserves	2,961
Grants and contributions	641
	<u><u>4,368</u></u>

The council has no long-term borrowing.

Statement of Total Recognised Gains and Losses for 2009/10

The Statement of Total Recognised Gains and Losses brings together all the gains and losses of the Council for the year and shows the aggregate increase (or decrease) in its net worth. In addition to the surplus on the Income and Expenditure Account, it includes certain gains and losses relating to the revaluation of fixed assets and a reassessment of the net liability to cover the cost of retirement benefits

	£'000
Surplus on the Income and Expenditure Account	17,506
Surplus arising on revaluation of assets	641
Actuarial losses relating to pensions	(17,465)
Total recognised gains and losses for the year	<u>682</u>

	£'000
Total Reserves as at 1 April 2009	298,368
Total recognised gains and losses for the year	682
Total Reserves as at 31 March 2010	<u>299,050</u>

Cash Flow Statement for 2009/10

The Cash Flow Statement discloses how the Council's cash and other liquid balances have changed over the course of the year. This statement is different from the Income and Expenditure Account because it only takes account of cash transactions, whereas the Income and Expenditure Account includes all financial transactions whether or not a cash transfer occurred during the year.

	£'000	£'000
Cash on 1 April 2009		3,008
Cash in:		
Revenue Activities	46,193	
Capital Activities	2,986	
Financing & borrowing	<u>2,580</u>	
		51,759
Cash out:		
Revenue Activities	(46,080)	
Capital Activities	(4,010)	
Financing & borrowing	<u>(5)</u>	
		(50,095)
Cash on 31 March 2010		<u>4,672</u>

Collection Fund - collecting local taxes

The Collection Fund discloses the money that is collected from council tax and business rates and how this money is distributed. Runnymede Borough Council collects all the council tax. We pay Surrey County Council and Surrey Police Authority their share of the Council Tax that they set each year. Runnymede Borough Council has the smallest share of your Council Tax bill. The government sets business rates and we collect all the business rates due in the borough and pay the proceeds to the government. The government redistributes these funds to all local authorities using a formula based on population.

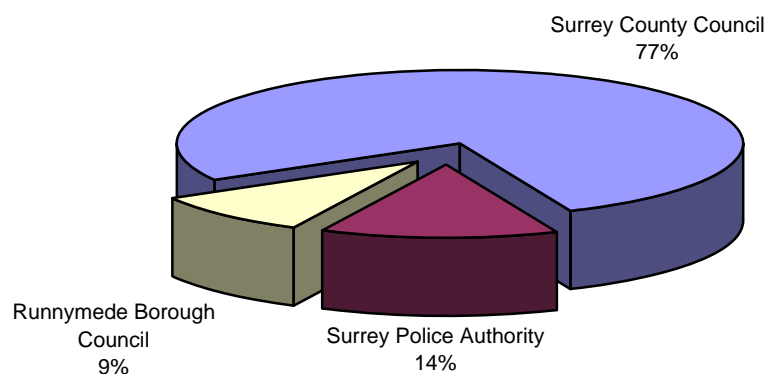
The Collection Fund account for 2009-10 is:

	£'000
Income collected	
Council Tax	47,567
Business ratepayers	41,377
	88,944
Payments made	
Surrey County Council	35,964
Surrey Police Authority	6,401
Runnymede Borough Council	4,541
Business rates paid to the government	41,376
	88,282
Surplus for the year	662

Payments made to each of the tax raising bodies (Surrey County Council, Surrey Police Authority and Runnymede Borough Council) are based on an estimate of what the tax is expected to yield. There was a surplus of £662,000 in 2009/10 and this turned round the deficit on the fund at the start of the year into a small surplus of £15,700 at March 2010.

The Band D council tax and the share of it for each authority during 2009-10 was as follows:

Council Tax	£
Surrey County Council	1,089.18
Surrey Police Authority	193.86
Runnymede Borough Council	132.93
	1,415.97



Council housing

The Council owns 2,944 dwellings (houses, bungalows and flats). It is a legal requirement that the money we spend on these dwellings is funded from the rent paid by the tenants and does not impact on the amount we need to raise from council tax. The account for council housing is called the Housing Revenue Account (HRA).

The HRA Income and Expenditure Account for 2009/10 s as follows:

	£'000	£'000
Income		
Dwelling rents (gross)	13,160	
Other income	<u>1,099</u>	
		14,259
Expenditure		
Repair and maintenance	2,213	
Supervision and management	2,764	
Amount paid to the government	5,961	
Other items	<u>(23,553)</u>	
		(12,615)
Net cost of services		<u>26,874</u>
Accounting entries required by statute		<u>(26,741)</u>
Surplus in 2009-10 transferred to balances		<u><u>133</u></u>

The surplus on this account goes back into the housing reserve and will be used in line with our business plan for council housing. The HRA balance at the end of the year was £3.2m.

What do you think?

We aim for these summary accounts to be a user-friendly summary of the full set of accounts that you can find in our Statement of Accounts for 2009-10. We always strive to improve the presentation of our financial information, so if you have any views, comments, questions or suggestions for improvement please let us know.

Please email your comments to finance@runnymede.gov.uk

Or write to us at the following address:

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